

Senate Bill No. 1571

CHAPTER 459

An act to add and repeal Article 20 (commencing with Section 18895) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, relating to taxation.

[Approved by Governor September 22, 2012. Filed with
Secretary of State September 22, 2012.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1571, DeSaulnier. Personal income taxes: voluntary contribution: School Supplies for Homeless Children Fund.

The Personal Income Tax Law authorizes an individual to contribute amounts in excess of his or her tax liability for the support of specified funds.

This bill would additionally allow an individual to designate on his or her tax return that a specified amount in excess of his or her tax liability be transferred to the School Supplies for Homeless Children Fund, which would be created by this bill. The bill would require the Franchise Tax Board, when another voluntary contribution designation is removed, to revise the tax return forms to provide for the designation created by this bill.

The bill would require moneys in the School Supplies for Homeless Children Fund, upon appropriation by the Legislature, to be allocated to the Franchise Tax Board, the Controller, and the State Department of Education for reimbursement of costs, as provided, and the balance to the State Department of Education, for the sole purpose of assisting pupils in California pursuant to the federal McKinney-Vento Homeless Assistance Act by providing school supplies and health-related products to homeless children through competitive grant programs, as provided. This bill would require the Superintendent of Public Instruction to develop a competitive grant program, which would be funded by those voluntary contributions, as specified.

The bill would provide that these provisions would remain in effect only until January 1 of the 5th taxable year following the first appearance of the School Supplies for Homeless Children Fund on the tax return, but would further provide for an earlier repeal if the Franchise Tax Board determines that the amount of contributions estimated to be received during a calendar year will not equal or exceed the minimum contribution amount, as defined, for that calendar year, in which case these provisions would be repealed on December 1 of that year.

The people of the State of California do enact as follows:

SECTION 1. Article 20 (commencing with Section 18895) is added to Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, to read:

Article 20. School Supplies for Homeless Children Fund

18895. (a) An individual may designate on the tax return that a contribution in excess of the tax liability, if any, be made to the School Supplies for Homeless Children Fund established by Section 18896.

(b) The contributions shall be in full dollar amounts and may be made individually by each signatory on a joint return.

(c) A designation under subdivision (a) shall be made for a taxable year on the original return for that taxable year, and once made shall be irrevocable. If payments and credits reported on the return, together with any other credits associated with the individual's account, do not exceed the individual's tax liability, the return shall be treated as though no designation has been made.

(d) If an individual designates a contribution to more than one account or fund listed on the tax return, and the amount available is insufficient to satisfy the total amount designated, the contribution shall be allocated among the designees on a pro rata basis.

(e) The Franchise Tax Board shall revise the form of the return to include a space labeled "School Supplies for Homeless Children Fund" to allow for the designation permitted under subdivision (a). The form shall also include in the instructions information that the contribution may be in the amount of one dollar (\$1) or more and that the contribution shall be used to provide school supplies for homeless children.

(f) Notwithstanding any other law, a voluntary contribution designation for the School Supplies for Homeless Children Fund shall not be added on the tax return until another voluntary contribution designation is removed.

(g) A deduction shall be allowed under Article 6 (commencing with Section 17201) of Chapter 3 of Part 10 for a contribution made pursuant to subdivision (a).

18896. There is hereby established in the State Treasury the School Supplies for Homeless Children Fund to receive contributions made pursuant to Section 18895. The Franchise Tax Board shall notify the Controller of both the amount of money paid by taxpayers in excess of their tax liability and the amount of refund money that taxpayers have designated pursuant to Section 18895 to be transferred to the School Supplies for Homeless Children Fund. The Controller shall transfer from the Personal Income Tax Fund to the School Supplies for Homeless Children Fund an amount not in excess of the sum of the amounts designated by individuals pursuant to Section 18895 for payment into that fund.

18897. (a) All money transferred to the School Supplies for Homeless Children Fund, upon appropriation by the Legislature, shall be allocated as follows:

(1) To the Franchise Tax Board, the Controller, and the State Department of Education for reimbursement of all costs incurred by the Franchise Tax Board, the Controller, and the State Department of Education in connection with their duties under this article.

(2) To the State Department of Education for the sole purpose of assisting pupils in California pursuant to the federal McKinney-Vento Homeless Assistance Act (42 U.S.C. Sec. 11301 et seq.) by providing school supplies and health-related products to homeless children through a competitive grant program developed and awarded by the Superintendent of Public Instruction.

(b) The Superintendent of Public Instruction shall develop the competitive grant program applicable to this section, including, but not limited to, application forms and deadlines, while considering the most effective, efficient, and widest distribution of school supplies and health-related products to homeless children.

18898. (a) Except as otherwise provided in subdivision (b), this article shall remain in effect only until January 1 of the fifth taxable year following the first appearance of the School Supplies for Homeless Children Fund on the personal income tax return, and is repealed as of December 1 of that year.

(b) (1) By September 1 of the second calendar year and each subsequent calendar year that the School Supplies for Homeless Children Fund appears on the tax return, the Franchise Tax Board shall do all of the following:

(A) Determine the minimum contribution amount required to be received during the next calendar year for the fund to appear on the tax return for the taxable year that includes that next calendar year.

(B) Provide written notification to the State Department of Education of the amount determined in subparagraph (A).

(C) Determine whether the amount of contributions estimated to be received during the calendar year will equal or exceed the minimum contribution amount determined by the Franchise Tax Board for the calendar year pursuant to subparagraph (A). The Franchise Tax Board shall estimate the amount of contributions to be received by using the actual amounts received and an estimate of the contributions that will be received by the end of that calendar year.

(2) If the Franchise Tax Board determines that the amount of the contributions estimated to be received during a calendar year will not at least equal the minimum contribution amount for the calendar year, this article shall be inoperative with respect to taxable years beginning on or after January 1 of that calendar year and shall be repealed on December 1 of that year.

(3) For purposes of this section, the minimum contribution amount for a calendar year means two hundred fifty thousand dollars (\$250,000) for the second calendar year after the first appearance of the School Supplies

for Homeless Children Fund on the personal income tax return or the adjusted minimum contribution amount adjusted pursuant to subdivision (c).

(c) For each calendar year, beginning with the third calendar year after the first appearance of the School Supplies for Homeless Children Fund on the personal income tax return, the Franchise Tax Board shall adjust, on or before September 1 of that calendar year, the minimum contribution amount specified in subdivision (b) as follows:

(1) The minimum estimated contribution amount for the calendar year shall be an amount equal to the product of the minimum estimated contribution amount for the calendar year multiplied by the inflation factor adjustment as specified in subparagraph (A) of paragraph (2) of subdivision (h) of Section 17041, rounded off to the nearest dollar.

(2) The inflation factor adjustment used for the calendar year shall be based on the figures for the percentage change in the California Consumer Price Index for all items received on or before August 1 of the calendar year pursuant to paragraph (1) of subdivision (h) of Section 17041.

(d) Notwithstanding the repeal of this article, any contribution amounts designated pursuant to this article prior to its repeal shall continue to be transferred and disbursed in accordance with this article as in effect immediately prior to that repeal.